

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

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| Ameren Illinois Company d/b/a Ameren Illinois |) | |
| |) | ICC Docket No. 11-0279 |
| Proposed General Increase in Electric Delivery |) | |
| Service Rates |) | |
| |) | consolidated with |
| Ameren Illinois Company d/b/a Ameren Illinois |) | |
| |) | ICC Docket No. 11-0282 |
| Proposed General Increase in Natural Gas Rates. |) | |

ATTACHMENT A

To the

REPLY BRIEF ON EXCEPTIONS

On behalf of

RETAIL GAS SUPPLIERS

Consisting of

**Interstate Gas Supply of Illinois, Inc.
Dominion Retail, Inc.**

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December 15, 2011

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**ATTACHMENT A TO THE REPLY BRIEF ON
EXCEPTIONS OF THE RETAIL GAS SUPPLIERS**

The Retail Gas Suppliers (“RGS”), consisting of Interstate Gas Supply of Illinois, Inc. (“IGS”) and Dominion Retail, Inc. (“Dominion”), by and through its attorneys, DLA Piper LLP (US), pursuant to Section 200.830 of the Rules of Practice of the Illinois Commerce Commission (“Commission”) (83 Ill. Admin. Code 200.830), respectfully submits Attachment A to its Reply Brief on Exceptions in the instant proceeding addressing the proposed general increase in gas rates of Ameren Illinois Company d/b/a Ameren Illinois (“Ameren”).

I.

INTRODUCTION

In RGS’s Reply Brief on Exceptions, RGS proposed compromise language that would respond to Ameren’s objections that RGS did not oppose while preserving the essential mandate and framework of the Proposed Order. (*See* RGS Reply Brief on Exceptions at 5-7.) Below, RGS presents its proposed compromise replacement language, as a revision of the Proposed Order.

XI.

PROPOSED SMALL VOLUME TRANSPORTATION PROGRAM

The Commission notes that it has long had a policy favoring competition in energy markets, and the Commission believes that customers will generally benefit from being given the opportunity to participate in a well-designed competitive market. The Commission also recognizes that the Act also generally supports competition in the market, and that the Commission has consistently advanced this view. In this proceeding, the Commission is presented with RGS and ICEA urging it to continue further down the road toward competitive markets by bringing customer choice to AIC's residential and small commercial customers, while Staff, CUB, and AIC suggest the Commission take a slower approach and await the report from the ORMD, which will apprise the Commission on the state of competition in Illinois' gas and electric markets, as well as barriers to retail competition.

The Commission is troubled however, when some of the parties suggest that this issue not proceed any further in this docket, and that this issue be addressed following the filing of the ORMD report. The Commission notes that the evidence presented in this docket on the ORMD process appears minimal, with a suggestion by Staff witness Rearden that the report may not be concluded until the middle of 2013, and his indication that he is not sure that Staff will even participate.

The Commission does not agree with the argument that the report from ORMD pursuant to Section 19-130 of the Act should be a prerequisite for development of a mass market natural gas choice program. The Commission finds the language of Section 19-130 to be pro-competition, noting that Section 19-130 appears to presume that there should be competitive markets in Illinois, with an apparent mandate to the ORMD to identify barriers to the development of those competitive markets and propose solutions to eliminate those barriers. The

Commission believes it would be contrary to both the letter and the spirit of Section 19-130 to use that section as a reason not to advance competition in Illinois, and we decline to read the section in that manner. In the Commission's view, initiation of a workshop process to develop and implement a mass market natural gas choice program is entirely consistent with Section 19-130, and in no way conflicts with its intent or impinges upon the ORMD report process that it envisions.

While the Commission recognizes that any process, including a workshop, will take time, the Commission believes that this issue would best be addressed by commencing the workshops sooner, rather than later. The Commission acknowledges that there may be some overlap between the conducting of the workshops and the preparation of the ORMD report; however, the Commission suggests the parties may find some synergies available between the two.

The Commission finds it appropriate therefore, to direct Staff to host workshops on the issue of whether an SVT is appropriate for the AIC service territories, with the issues to be covered including those addressed by the parties, which appear to include: whether there would be any benefit to customers from such a program, whether the costs of implementing such a program would be reasonable, whether there is utility support for the competitive market, ~~will there be~~ **the appropriate mechanism for** full utility cost recovery for the utility **of prudent and reasonable costs**, and a properly adjusted price-to-compare. The Commission recognizes that there will most certainly be other issues that arise during the workshop process, and the Commission encourages the parties to fully explore these issues. This workshop process is open to all interested stakeholders and should include participation by Staff, including the ORMD.

The Commission recognizes that it has used a workshop process in numerous other instances involving both choice issues as well as other more complex issues. The Commission is

of the opinion that a workshop process provides flexibility and open access to all stakeholders to work out development and operational details for a choice program, to consider other examples of choice programs, and to debate and formulate a workable process to implement mass market choice for AIC customers. The Commission expects all parties to work in good faith during the workshop process, and believes that each party involved in this proceeding has expressed just such intent.

The Commission finds it would be appropriate for the workshop process to commence within 60 days of the date of the order. The Commission believes this will give all parties a sufficient opportunity to identify and debate any operational issues presented, including any of the issues and concerns that had been articulated by the parties in this proceeding, and any others that may be revealed in the workshop process. The Commission also finds that a workshop of six months duration should be adequate. The workshops should have the goal of developing a consensus on this issue, and the workshops shall conclude with AIC filing proposed tariffs with the Commission for an SVT within ~~45~~60 days of the conclusion of the workshops, regardless of whether consensus is developed. The Commission recognizes that since consensus may not develop, AIC and any other party involved in the SVT proceeding may take a position either for or against the proposed tariffs. **To be clear, the Commission does not expect Ameren to have a fully operational SVT program within 60 days of the conclusion of workshops, but rather will provide Ameren reasonable time to implement the necessary systems to facilitate orderly development of an operational SVT program.**

Also within 60 days of the Final Order, the Commission directs Staff to provide the Commission with a report that will effectively summarize the material issues and concerns

from the workshops, and recommendations of the parties, including Staff. This Report shall be filed in the docket in which Ameren seeks approval of its SVT program tariff.

Finally, the Commission appreciates that workshops and the related work, as well as the testing of program designs and the like, will obligate the utility to incur costs. The Commission recognizes, consistent with its Rules and past Orders, costs that are prudent and reasonably incurred will be recovered by the utility consistent with the Commission's rules regarding rate cases as well as the applicable provisions of the Act.

Respectfully submitted,

THE RETAIL GAS SUPPLIERS

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